



Journal of the House

State of Indiana

113th General Assembly

Second Regular Session

Ninth Meeting Day

Monday Afternoon

January 12, 2004

The House convened at 1:30 p.m. with the Speaker in the Chair.

The invocation was offered by Reverend Dewey Miller, Pretty Prairie United Methodist Church, Howe, the guest of Representative Marlin A. Stutzman.

The Pledge of Allegiance to the Flag was led by Representative Stutzman.

The Speaker ordered the roll of the House to be called:

T. Adams	Kromkowski
Aguilera	Kruse
Alderman	Kuzman
Austin	LaPlante ...
Avery	L. Lawson
Ayres	Lehe
Bardon	Leonard
Becker	Liggett
Behning	J. Lutz
Bischoff	Lytle
Borror	Mahern
Bosma	Mangus
Bottorff	Mays
C. Brown	McClain
T. Brown	Messer
Buck	Moses
Budak	Murphy
Buell	Neese
Burton	Noe
Cheney	Orentlicher
Cherry	Oxley
Chowning	Pelath
Cochran	Pflum
Crawford	Pierce
Crooks	Pond
Day	Porter
Denbo	Reske
Dickinson ...	Richardson
Dobis ...	Ripley
Duncan	Robertson
Dvorak	Ruppel
Espich	Saunders
Foley	Scholer
Frenz	V. Smith
Friend	Stevenson
Frizzell	Stilwell
Fry	Stutzman
GiaQuinta	Summers
Goodin	Thomas
Grubb	Thompson
Gutwein	Torr
Harris ...	Turner
Hasler	Ulmer ...
Heim	Van Haaften
Herrell	Welch
Hinkle	Whetstone
Hoffman	Wolkins
Kersey	D. Young
Klinker	Yount
Koch	Mr. Speaker

Roll Call 14: 95 present; 5 excused. The Speaker announced a quorum in attendance. [NOTE: ... indicates those who were excused.]

RESOLUTIONS ON FIRST READING

House Concurrent Resolution 3

Representative Stilwell introduced House Concurrent Resolution 3:

A CONCURRENT RESOLUTION to convene a Joint Session of the 113th General Assembly of the State of Indiana.

*Be it resolved by the House of Representatives
of the General Assembly of the State of Indiana,
the Senate concurring:*

SECTION 1. That a joint convention of the Senate and House of Representatives be convened, to meet in the Chambers of the House of Representatives at 7:00 p.m., on Tuesday, January 13th, 2004, to receive the Governor's message which will be given in compliance with Section 13 of Article 5 of the Constitution of the State of Indiana and the Speaker is hereby directed to appoint a committee of four members of this House to transmit this resolution to the Senate and report to this House such action as the Senate may take thereon.

The resolution was read a first time and adopted by voice vote. The Clerk was directed to inform the Senate of the passage of the resolution. Senate sponsor: Senator Garton.

The Speaker appointed Representatives Porter, Kromkowski, Scholer, and Mangus to transmit the resolution to the Senate.

OTHER BUSINESS ON THE SPEAKER'S TABLE

HOUSE MOTION

Mr. Speaker: I move that a committee of four members of this House be appointed by the Speaker, to act with a like committee of the Senate, to wait upon the Governor and to escort him to the Chambers of the House of Representatives to deliver his message to the General Assembly.

STILWELL

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that Representatives Porter, Kromkowski, Scholer, and Mangus be appointed by the Speaker of the House of Representatives, to act with a like committee of the Senate to wait upon the Governor and to escort him to the Chambers of the House of Representatives to deliver his message to the General Assembly on Tuesday, January 13, 2004.

STILWELL

Motion prevailed. The Speaker appointed Representatives Porter, Kromkowski, Scholer, and Mangus to escort the Governor.

REPORTS FROM COMMITTEES

MINORITY COMMITTEE REPORT

Mr. Speaker: A minority of your Committee on Ways and Means, which met on January 7, 2004, to consider House Bill 1003, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 9, after "section," delete ""total" and insert ""qualified".

Page 2, line 9, after "means" delete "total" and insert "the first five hundred (500) acres of agricultural land owned by a farm owner."

Page 2, delete lines 10 through 11.

Page 2, line 13, delete "." and insert **"or farms. Subject to subsection (f), the amount of the deduction is twenty percent (20%) of the assessed valuation of the farmland acreage in the farm or farms."**

Page 2, line 13, delete "is" and insert **"may claim a deduction under this section in multiple counties if the farm owner owns more than five hundred (500) acres of farmland but less than five hundred (500) acres in any one (1) county."**

Page 2, delete lines 14 through 16.

Page 2, line 17, delete "amount of the" and insert **"total amount of a farm owner's"**.

Page 2, line 17, delete "the lesser".

Page 2, delete lines 18 through 20.

Page 2, line 21, delete "(2) Twenty" and insert **"twenty"**.

Page 2, run in lines 17 and 21.

Page 2, line 22, delete "total" and insert **"farm owner's qualified"**.

Page 2, line 22, delete "farm" and insert **"farm or farms."**

Page 2, line 23, delete "the" and insert **"a"**.

Page 2, line 30, delete "and".

Page 2, between lines 32 and 33, begin a new line block indented and insert:

"(3) reporting the total number of acres of the farm owner's qualified farmland acreage that is located in the county; and

(4) reporting the total number of acres of the farm owner's qualified farmland acreage for which the farm owner is claiming a deduction under this section in another county;".

Page 2, line 33, after "auditor of" delete "the" and insert **"each"**.

Page 2, line 33, delete "agricultural" and insert **"farm owner's qualified farmland acreage"**.

Page 2, line 34, delete "land".

Page 2, line 39, delete "." and insert **"for that part of the farm owner's qualified farmland acreage that is located in the county."**

Page 4, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 2. IC 6-1.1-21-3, AS AMENDED BY P.L.192-2002(ss), SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The department, with the assistance of the auditor of state and the department of local government finance, shall determine an amount equal to the eligible property tax replacement amount, which is the estimated property tax replacement.

(b) The department of local government finance shall certify to the department the amount of:

(1) property tax deduction replacement credits provided under IC 6-1.1-21.9 that are allowed by the county for the particular calendar year; and

(2) homestead credits provided under IC 6-1.1-20.9 which are allowed by the county for the particular calendar year.

(c) If there are one (1) or more taxing districts in the county that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter, the department of local government finance shall estimate an additional distribution for the county in the same report required under subsection (a). This additional distribution equals the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Estimate that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the estimated property tax replacement amount attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(d) The sum of the amounts determined under subsections (a) through (c) is the particular county's estimated distribution for the calendar year.

SECTION 3. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003,

SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

(1) each county's total eligible property tax replacement amount for that year; plus

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5; plus

(4) the total amount of property tax deduction replacement credits that are provided under IC 6-1.1-21.9 and allowed by each county for that year.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (½) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (½) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (I), the department shall not distribute under subsection (b) and section 10 of this chapter the

money attributable to the county's property reassessment fund if:

(1) by the date the distribution is scheduled to be made, ~~(1)~~ the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance; ~~or~~

(2) by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section; ~~or~~

~~(2)~~ (3) the county assessor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).

(f) Except as provided in subsection (I), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the state board or the department shall not distribute under subsection (b) and section 10 of this chapter a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by ~~August~~ ~~October 1~~ as described in this section bears to the total number of townships in the county.

(g) Money not distributed ~~under subsection (e)~~ for the reasons stated in subsection (e)(1) and (e)(2) shall be distributed to the county when:

(1) the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; and

(2) the county assessor forwards to the department of local government finance the approved exemption applications required to be forwarded under IC 6-1.1-11-8(a);

with respect to which the failure to send or forward resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(I) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of:

(A) a county auditor to send a certified statement; or

(B) a county assessor to forward copies of all approved exemption applications;

as described in subsection (e); or

(2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 4. IC 6-1.1-21.9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 21.9. Property Tax Deduction Replacement Credits

Sec. 1. The definitions set forth in IC 6-1.1-21 apply throughout this chapter.

Sec. 2. As used in this chapter, "county property tax deduction replacement amount" means the sum of a particular county's taxpayer property tax deduction replacement credits.

Sec. 3. As used in this chapter, "qualified property tax deduction amount" means the value of a property tax deduction available under IC 6-1.1-12-44.

Sec. 4. As used in this chapter, "taxpayer's property tax deduction replacement credit" means:

(1) the amount of a particular taxpayer's qualified property tax deduction amount; multiplied by

(2) the total net tax rate applicable in the taxpayer's taxing district.

Sec. 5. The department, with the assistance of the auditor of state and the department of local government finance, shall

determine for each county an amount equal to the county property tax deduction replacement amount.

Sec. 6. For purposes of calculating tax rates, the county auditor shall add the sum of each county taxpayer's qualified property tax deduction amounts to the county's net assessed value.

Sec. 7. For purposes of calculating a particular taxpayer's tax bill, the county treasurer shall add the taxpayer's qualified property tax deduction amount to the taxpayer's net assessed value.

Sec. 8. Each year the taxpayers of each county shall receive a credit for property tax deduction replacement in the amount of each taxpayer's property tax deduction replacement credit amount for taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the department of local government finance."

Page 4, between lines 26 and 27, begin a new paragraph and insert: "SECTION 6. [EFFECTIVE UPON PASSAGE] (a) IC 6-1.1-21-3 and IC 6-1.1-21-4, both as amended by this act, apply only to property taxes first due and payable after December 31, 2003.

(b) IC 6-1.1-21.9, as added by this act, applies only to property taxes first due and payable after December 31, 2003."

Renumber all SECTIONS consecutively.

(Reference is to HB 1003 as introduced.)

and when so amended that said bill do pass.

ESPICH

Upon request of Representatives Espich and Bosma, the Speaker ordered the roll of the House to be called. Roll Call 15: yeas 47, nays 48. The minority report was rejected.

The question then was on the majority report.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1003, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 17, nays 10.

CRAWFORD, Chair

Upon request of Representatives Espich and Bosma, the Speaker ordered the roll of the House to be called. Roll Call 16: yeas 48, nays 46. Report adopted.

MINORITY COMMITTEE REPORT

Mr. Speaker: A minority of your Committee on Ways and Means, which met on January 6, 2004, to consider House Bill 1002, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-4-39, AS ADDED BY P.L.1-2004, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 39. (a) For assessment dates after February 28, 2005; **29, 2004**, except as provided in subsection (c), the true tax value of real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more and that has more than four (4) rental units is the lowest valuation determined by applying each of the following appraisal approaches:

(1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences.

(2) Sales comparison approach, using data for generally comparable property.

(3) Income capitalization approach, using an applicable

capitalization method and appropriate capitalization rates that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(b) The gross rent multiplier method is the preferred method of valuing:

- (1) real property that has at least one (1) and not more than four (4) rental units; and
- (2) mobile homes assessed under IC 6-1.1-7.

(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal approaches listed in subsection (a) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method and the gross rent multiplier method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of either method."

Page 1, line 14, strike "one-half (1/2)" and insert **"fifty-five percent (55%)"**.

Page 2, between lines 21 and 22, begin a new paragraph and insert: "SECTION 3. IC 6-1.1-21-3, AS AMENDED BY P.L.192-2002(ss), SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The department, with the assistance of the auditor of state and the department of local government finance, shall determine an amount equal to the eligible property tax replacement amount, which is the estimated property tax replacement.

(b) The department of local government finance shall certify to the department the amount of:

(1) property tax deduction replacement credits provided under IC 6-1.1-21.9 that are allowed by the county for the particular calendar year; and

(2) homestead credits provided under IC 6-1.1-20.9 which are allowed by the county for the particular calendar year.

(c) If there are one (1) or more taxing districts in the county that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter, the department of local government finance shall estimate an additional distribution for the county in the same report required under subsection (a). This additional distribution equals the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Estimate that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of the estimated property tax replacement amount attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; times
- (B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(d) The sum of the amounts determined under subsections (a) through (c) is the particular county's estimated distribution for the calendar year.

SECTION 4. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003, SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

- (1) each county's total eligible property tax replacement amount for that year; plus
- (2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus
- (3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development

district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of the subdivision (1) amount that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; times
- (B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5; **plus**

(4) the total amount of property tax deduction replacement credits that are provided under IC 6-1.1-21.9 and allowed by each county for that year.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (½) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (½) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (I), the department shall not distribute under subsection (b) and section 10 of this chapter the money attributable to the county's property reassessment fund if:

- (1) by the date the distribution is scheduled to be made, ~~(1)~~ the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance; ~~or~~
- (2) *by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section; or*
- ~~(2)~~ **(3) the county assessor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).**

(f) Except as provided in subsection (I), if the elected township

assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the state board or the department shall not distribute under subsection (b) and section 10 of this chapter a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by ~~August~~ *October 1* as described in this section bears to the total number of townships in the county.

(g) Money not distributed ~~under subsection (e)~~ *for the reasons stated in subsection (e)(1) and (e)(2)* shall be distributed to the county when:

- (1) the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; and
- (2) the county assessor forwards to the department of local government finance the approved exemption applications required to be forwarded under IC 6-1.1-11-8(a);

with respect to which the failure to send or forward resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(I) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

- (1) the failure of:
 - (A) a county auditor to send a certified statement; or
 - (B) a county assessor to forward copies of all approved exemption applications;
 as described in subsection (e); or
- (2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 5. IC 6-1.1-21.9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 21.9. Property Tax Deduction Replacement Credits

Sec. 1. The definitions set forth in IC 6-1.1-21 apply throughout this chapter.

Sec. 2. As used in this chapter, "county property tax deduction replacement amount" means the sum of a particular county's taxpayer property tax deduction replacement credits.

Sec. 3. As used in this chapter, "property tax deduction increment" means:

- (1) the value of a property tax deduction available under IC 6-1.1-12-37 (as in effect after December 31, 2003); minus
- (2) thirty-five thousand dollars (\$35,000).

Sec. 4. As used in this chapter, "taxpayer's property tax deduction replacement credit" means:

- (1) the amount of a particular taxpayer's property tax deduction increment; multiplied by
- (2) the total net tax rate applicable in the taxpayer's taxing district.

Sec. 5. (a) The department, with the assistance of the auditor of state and the department of local government finance, shall determine for each county an amount equal to the county property tax deduction replacement amount.

Sec. 6. For purposes of calculating tax rates, the county auditor shall add the sum of each county taxpayer's property tax deduction increments to the county's net assessed value.

Sec. 7. For purposes of calculating a particular taxpayer's tax bill, the county treasurer shall add the taxpayer's property tax deduction increment to the taxpayer's net assessed value.

Sec. 8. (a) Each year the taxpayers of each county shall receive a credit for property tax deduction replacement in the amount of

each taxpayer's property tax deduction replacement credit amount for taxes which under IC 6-1.1-22-9 are due and payable in May and November of that year. The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the department of local government finance."

Page 2, between lines 30 and 31, begin a new paragraph and insert: "SECTION 7. [EFFECTIVE UPON PASSAGE] (a) IC 6-1.1-21-3, and IC 6-1.1-21-4, both as amended by this act, apply only to property taxes first due and payable after December 31, 2003.

(b) IC 6-1.1-21.9, as added by this act, applies only to property taxes first due and payable after December 31, 2003."

Renumber all SECTIONS consecutively.

(Reference is to HB 1002 as introduced.)

and when so amended that said bill do pass.

TURNER

Upon request of Representatives Turner and Bosma, the Speaker ordered the role of the House to be called. Roll Call 17: yeas 47, nays 48. The minority report was rejected.

The question then was on the majority report.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1002, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-4-39, AS ADDED BY P.L.1-2004, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 39. (a) For assessment dates after February 28, 2005, **29, 2004**, except as provided in subsection (c), the true tax value of real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more and that has more than four (4) rental units is the lowest valuation determined by applying each of the following appraisal approaches:

- (1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences.
- (2) Sales comparison approach, using data for generally comparable property.
- (3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(b) The gross rent multiplier method is the preferred method of valuing:

- (1) real property that has at least one (1) and not more than four (4) rental units; and
- (2) mobile homes assessed under IC 6-1.1-7.

(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal approaches listed in subsection (a) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method and the gross rent multiplier method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of either method."

Page 1, line 14, strike "one-half (1/2)" and insert "**fifty-five percent (55%)**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1002 as introduced.)
and when so amended that said bill do pass.
Committee Vote: yeas 17, nays 10.

CRAWFORD, Chair

Report adopted.

Representative Ruppel was excused for the rest of the day.

MINORITY COMMITTEE REPORT

Mr. Speaker: A minority of your Committee on Ways and Means, which met on January 6, 2004, to consider House Bill 1004, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, between lines 11 and 12, begin a new paragraph and insert:
"SECTION 2. IC 6-1.1-21-3, AS AMENDED BY P.L.192-2002(ss), SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The department, with the assistance of the auditor of state and the department of local government finance, shall determine an amount equal to the eligible property tax replacement amount, which is the estimated property tax replacement.

(b) The department of local government finance shall certify to the department the amount of:

(1) property tax deduction replacement credits provided under IC 6-1.1-21.9 that are allowed by the county for the particular calendar year; and

(2) homestead credits provided under IC 6-1.1-20.9 which are allowed by the county for the particular calendar year.

(c) If there are one (1) or more taxing districts in the county that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter, the department of local government finance shall estimate an additional distribution for the county in the same report required under subsection (a). This additional distribution equals the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Estimate that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the estimated property tax replacement amount attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(d) The sum of the amounts determined under subsections (a) through (c) is the particular county's estimated distribution for the calendar year.

SECTION 3. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003, SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

(1) each county's total eligible property tax replacement amount for that year; plus

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5; plus

(4) the total amount of property tax deduction replacement credits that are provided under IC 6-1.1-21.9 and allowed by each county for that year.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (½) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (½) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (I), the department shall not distribute under subsection (b) and section 10 of this chapter the money attributable to the county's property reassessment fund if:

(1) by the date the distribution is scheduled to be made, ~~the~~ the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance; ~~or~~

(2) by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section; ~~or~~

~~(3) the county assessor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).~~

(f) Except as provided in subsection (I), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the state board or the department shall not distribute under subsection (b) and section 10 of this chapter a part of the money attributable to the county's property reassessment fund. The portion not distributed is the

amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by ~~August 1~~ *October 1* as described in this section bears to the total number of townships in the county.

(g) Money not distributed ~~under subsection (e)~~ *for the reasons stated in subsection (e)(1) and (e)(2)* shall be distributed to the county when:

(1) the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; and

(2) *the county assessor forwards to the department of local government finance the approved exemption applications required to be forwarded under IC 6-1.1-11-8(a);*

with respect to which the failure to send *or forward* resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(I) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of:

(A) a county auditor to send a certified statement; or

(B) a county assessor to forward copies of all approved exemption applications;

as described in subsection (e); or

(2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 4. IC 6-1.1-21.9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 21.9. Property Tax Deduction Replacement Credits

Sec. 1. The definitions set forth in IC 6-1.1-21 apply throughout this chapter.

Sec. 2. As used in this chapter, "county property tax deduction replacement amount" means the sum of a particular county's taxpayer property tax deduction replacement credits.

Sec. 3. As used in this chapter, "qualified property tax deduction amount" means the value of a property tax deduction available under IC 6-1.1-12-43.

Sec. 4. As used in this chapter, "taxpayer's property tax deduction replacement credit" means:

(1) the amount of a particular taxpayer's qualified property tax deduction amount; multiplied by

(2) the total net tax rate applicable in the taxpayer's taxing district.

Sec. 5. (a) The department, with the assistance of the auditor of state and the department of local government finance, shall determine for each county an amount equal to the county property tax deduction replacement amount.

Sec. 6. For purposes of calculating tax rates, the county auditor shall add the sum of each county taxpayer's qualified property tax deduction amounts to the county's net assessed value.

Sec. 7. For purposes of calculating a particular taxpayer's tax bill, the county treasurer shall add the taxpayer's qualified property tax deduction amount to the taxpayer's net assessed value.

Sec. 8. (a) Each year the taxpayers of each county shall receive a credit for property tax deduction replacement in the amount of each taxpayer's property tax deduction replacement credit amount for taxes which under IC 6-1.1-22-9 are due and payable in May and November of that year. The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the department of local government finance."

Page 2, between lines 24 and 25, begin a new paragraph and insert:

"SECTION 6. [EFFECTIVE UPON PASSAGE] (a) **IC 6-1.1-21-3 and IC 6-1.1-21-4, both as amended by this act, apply only to property taxes first due and payable after December 31, 2003.**

(b) **IC 6-1.1-21.9, as added by this act, applies only to property taxes first due and payable after December 31, 2003."**

Renumber all SECTIONS consecutively.

(Reference is to HB 1004 as introduced.)

and when so amended that said bill do pass.

ESPICH

Upon request of Representatives Espich and Bosma, the Speaker ordered the role of the House to be called. Roll Call 18: yeas 46, nays 48. The minority report was rejected.

The question then was on the majority report.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1004, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 16, nays 11.

CRAWFORD, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1005, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 8, delete "has the meaning set forth in" and insert "means":

(1) **a financial institution (as defined in IC 28-1-1-3(1)); or**

(2) **any other entity;**

that enters into a residential real property financing or refinancing transaction with a customer."

Page 1, delete line 9.

Page 1, line 11, delete "June 30," and insert "**December 31,**".

Page 1, line 15, after "(b)." insert "**The department shall make the form available to financial institutions, county assessors, county auditors, and county treasurers in hard copy and electronic form. County assessors, county auditors, and county treasurers shall make the form available to the general public."**

Page 2, line 9, delete "on" and insert "**in**".

Page 2, line 9, delete "of paper".

Page 2, line 15, delete "paper" and insert "**print**".

Page 2, line 25, delete "recovered under IC 28-11-4;" and insert "**enforced by the state agency that has administrative jurisdiction over the financial institution in the same manner that the agency enforces the payment of fees or other penalties payable to the agency;**".

Page 2, line 27, delete "department of financial institutions" and insert "**state agency that has administrative jurisdiction over a financial institution**".

Page 2, line 28, after "examine" insert "**the**".

Page 2, line 28, delete "institutions" and insert "**institution**".

Page 3, delete lines 28 through 42, begin a new paragraph and insert:

"(d) **Before July 1, 2004, the department of local government finance shall designate five (5) counties to participate in a pilot program to implement the requirements of subsection (e). The department shall immediately notify the county treasurer, county auditor, and county assessor in writing of the designation under this subsection. The requirements of subsection (e) apply:**

(1) **only in the counties designated under this subsection for taxes first due and payable after December 31, 2004; and**

(2) **in all counties for taxes first due and payable after December 31, 2005.**

(e) **Subject to subsection (d), regardless of whether a county treasurer transmits a statement of current and delinquent taxes and special assessments to a person liable for the taxes under subsection (a)(1) or to a mortgagee under subsection (a)(2), the county treasurer shall mail the following information to the last**

known address of each person liable for the property taxes or special assessments or to the last known address of the most recent owner shown in the transfer book. The county treasurer shall mail the information not later than the date the county treasurer transmits a statement for the property under subsection (a)(1) or (a)(2). The county treasurer, county auditor, and county assessor shall cooperate to generate the information to be included on the form. The information that must be provided is the following:

(1) A breakdown showing the total property tax and special assessment liability and the amount of the taxpayer's liability that will be distributed to each taxing unit in the county.

(2) A comparison showing any change in the assessed valuation for the property as compared to the previous year.

(3) A comparison showing any change in the property tax and special assessment liability for the property as compared to the previous year. The information required under this subdivision must identify the amount of the taxpayer's liability distributable to each taxing unit in which the property is located in the current year and in the previous year."

Page 4, delete lines 1 through 6.

Page 4, between lines 19 and 20, begin a new line block indented and insert:

"(5) A checklist that shows:

(A) the homestead credit and all property tax deductions; and

(B) whether the homestead credit and each property tax deduction applies in the current statement for the property transmitted under subsection (a)(1) or (a)(2)."

Page 4, line 20, delete "(e)" and insert "(f)".

Page 4, line 20, delete "(d)" and insert "(e)".

Page 4, line 23, delete "(f)" and insert "(g)".

Page 4, line 23, delete "treasurer of a county".

Page 4, line 25, delete "(d)" and insert "(e)".

(Reference is to HB 1005 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 27, nays 0.

CRAWFORD, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1006, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 27, nays 0.

CRAWFORD, Chair

Upon request of Representatives Espich and Bosma, the Speaker ordered the roll of the House to be called. Roll Call 19: yeas 88, nays 0. Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1007, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 8, line 22, delete "two" and insert "**one**".

Page 8, line 22, delete "fifty" and insert "**eighty**".

Page 8, line 22, delete "(\$250,000)" and insert "**(\$180,000)**".

Page 8, line 30, delete "three" and insert "**two**".

Page 8, line 31, delete "(\$3,000)" and insert "**(\$2,000)**".

Page 8, line 38, delete "Four" and insert "**Five**".

Page 8, line 38, delete "(4%)" and insert "**(5%)**".

Page 8, line 40, delete "Six" and insert "**Seven**".

Page 8, line 40, delete "(6%)" and insert "**(7%)**".

Page 9, line 1, delete "Eight" and insert "**Nine**".

Page 9, line 1, delete "(8%)" and insert "**(9%)**".

(Reference is to HB 1007 as introduced.)

and when so amended that said bill do pass.

Committee Vote: yeas 17, nays 10.

CRAWFORD, Chair

Report adopted.

OTHER BUSINESS ON THE SPEAKER'S TABLE

HOUSE MOTION

Mr. Speaker: I move that when we do adjourn, we adjourn until Tuesday, January 13, 2004 at 10:30 a.m.

GOODIN

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1027, assigned to the Committee on Financial Institutions, be withdrawn from further consideration by the House of Representatives.

DICKINSON

Motion prevailed.

On the motion of Representative Goodin, the House adjourned at 3:05 p.m., this twelfth day of January, 2004, until Tuesday, January 13, 2004, at 10:30 a.m.

B. PATRICK BAUER

Speaker of the House of Representatives

DIANE MASARIU CARTER

Principal Clerk of the House of Representatives